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NAVAL
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MONTEREY, CALIFORNIA

THESIS

**THE SHANGHAI COOPERATION ORGANIZATION:
ORIGINS AND IMPLICATIONS**

by

Timothy Craig

September 2003

Thesis Advisor:
Second Reader:

David S. Yost
Lyman Miller

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**THE SHANGHAI COOPERATION ORGANIZATION:
ORIGINS AND IMPLICATIONS**

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Submitted in partial fulfillment of the
requirements for the degree of

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I. INTRODUCTION

This thesis examines the origins and implications of the Shanghai Cooperation Organization established in 2001 by China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan. The objective is to look beyond its declared purposes and to gain a better understanding of its dynamics and potential significance for U.S. national security.

Professing concern for security in the Central Asian region, China and Russia have pushed for the development of a multilateral security organization “to protect and consolidate the peace, security, and stability of the region...and to promote the economic, social, and cultural development of the organization’s member states.”¹ To what extent can the Shanghai Cooperation Organization (SCO) meet the security, economic and political objectives of China and Russia in Central Asia? Were assessments of security and stability requirements the key reasons China and Russia pressed for the creation of the organization, or did these two continental powers have other motives as they pushed for stronger ties with the resource-rich Central Asian states and as they watched the gradual increase in U.S. influence in the region?

The purposes of China and Russia in the creation of the SCO may differ greatly from those of the Central Asian states. China and Russia expressed concerns about the instability in this region, including the risk of the region’s problems spilling across their borders; but will this security organization provide the stability in the region that China, Russia, and the former Soviet republics of Central Asia envision?

The fall of the Soviet empire in 1989-1991 and the subsequent establishment of the independent Central Asian states left a power vacuum in the former Soviet republics. Weak national governments eventually took the place of the Soviet rulers. These newly formed governments were unable to effectively combat the growing problems of narcotics smuggling, separatism and terrorism associated with Islamic fundamentalists. The Central Asian States were in desperate need of outside assistance in their struggle to stem these growing problems, and China and Russia could provide this aid.

¹ Declaration of the Shanghai Cooperation Organization, Xinhua News Agency Domestic Service, Beijing, 7 June 2002, from BBC Monitoring International Reports.

In April 1996 China, Kazakhstan, Kyrgyzstan, Russia and Tajikistan formed a security alliance in an attempt to bring stability to the border areas of the member states. This alliance was established to promote military cooperation and confidence building in the border areas of the member nations. The main provision of the agreement states that “The military forces of the Parties deployed in the border area, as an integral part of the military forces of the Parties, shall not be used to attack another Party, conduct any military activity threatening the other Party and upsetting calm and stability in the border area.”² In other words, the parties to this agreement concluded a non-aggression pact among themselves, but they did not accept any mutual defense obligation. In subsequent agreements these nations have not accepted any additional security obligations; therefore, this group of nations, known as the SCO since June 2001, is not an alliance like NATO.

A further attempt at confidence building and cooperation by the five member states of the alliance took place in Moscow in April 1997, when they signed an agreement to reduce the number of armed forces stationed in the border areas. This agreement reduced “military forces deployed near the border region in all five countries to defensive troops only.”³ This agreement is binding through the year 2020.

The alliance was not officially named the “Shanghai” Five until its meeting in Dushanbe, Tajikistan, in July 2000. In June 2001, the Shanghai Five became the Shanghai Cooperation Organization and added one more member, Uzbekistan. According to a June 2001 declaration, the main goals of the SCO are

strengthening mutual confidence, friendship and goodneighborly relations between the participating states; encouraging effective cooperation between them in the political, trade-economic, scientific-technical, cultural, educational, energy, transportation, ecological and other areas; joint efforts to maintain and ensure peace, security and stability in the region, to build a new democratic, just and rational political and economic international order.⁴

² Agreement on Confidence Building in the Military Field in the Border Areas, Article 1, 24 April 1996. Available at <http://www.stimson.org/cbm/china/crplus.htm>

³ Guangcheng Xing, “China and Central Asia,” in *Central Asian Security*, ed. by Roy Allison and Lena Johnson (Washington, DC: Brookings Institution Press, 2001) 160.

⁴ Declaration on the Creation of the Shanghai Cooperation Organization, Paragraph 2, 15 June 2001, from the Daily News Bulletin of the Ministry of Foreign Affairs of the Russian Federation, Information and Press Department.

Since the terrorist attacks against the United States on 11 September 2001 and the subsequent U.S.-led war in Afghanistan, the SCO has pushed ahead with plans for the creation of an anti-terrorist center, which the organization expects to be operational by January 2004, headquartered in Tashkent, the capital of Uzbekistan. The anti-terrorist center will be financed primarily by Russia and China. "A preliminary agreement says that China will cover 32-38 per cent of the centre's expenses. Russia will provide for approximately the same amount. Tajikistan, Uzbekistan, Kazakhstan and Kyrgyzstan will make smaller contributions."⁵ The center will also have a staff of approximately forty personnel. "Bearing in mind that Russia and China make the largest contributions, most of the staff members will come from these countries."⁶

In June 2002 the SCO approved the "Agreement Between the Member States of the Shanghai Cooperation Organization on the Regional Anti-terrorist Structure."⁷ However, according to a declaration by the heads of states of the SCO, "A clear-cut legal framework is thus created for the establishment at the regional level of practical interaction in the struggle against terrorism, separatism and extremism."⁸

The U.S.-led war in Afghanistan has dramatically increased the U.S. presence in the Central Asian region. What effect has this increase in the U.S. presence had on the SCO? Since the war in Afghanistan began in October 2001, the SCO has been quiet. The organization's members have developed their charter and have set forth plans for their anti-terrorist center, but have done little else.

As U.S. troops set up bases in Uzbekistan and Kyrgyzstan, and U.S. military aircraft were granted emergency landing rights at airfields in Tajikistan and Kazakhstan, Russia and China could not voice their opposition, as they risked being isolated from predominant trends in the global fight against terrorism. In fact, Russia's president, Vladimir Putin, offered his country's resources and unwavering support to the United

⁵ "Russia, China to finance lion's share of Kyrgyz-based antiterrorist centre," from Interfax-AVN military news agency web site, Moscow, 26 December 2002. BBC monitoring international reports, record #0F82C83BCC895D44.

⁶ Ibid.

⁷ Declaration by the Heads of the Member States of the Shanghai Cooperation Organization, 7 June 2002, from the Daily News Bulletin of the Ministry of Foreign Affairs of the Russian Federation, Information and Press Department.

⁸ Ibid.

States in the global fight against terrorism. How long will this support from Russia last, especially as it watches U.S. economic aid pour into former Soviet republics in order to develop alternate routes for oil and natural gas shipments and to aid in the re-building of those nations' armed forces?

II. THE RUSSIAN PERSPECTIVE

After the breakup of the Soviet Union in 1991, the newly elected Central Asian leaders were hesitant to break ties with Moscow because of the economic interdependence between the former Soviet republics and Russia, plus the regional security provided by Russian troops. Moscow, however, overestimated the strength of these ties to the former Soviet republics. The Russians believed “that geographic location, shared history, common production systems, infrastructure and institutions, and old dependences on Russian financial subsidies and on the Russian market”⁹ would keep the former Soviet republics in Central Asia interested in maintaining close ties with Moscow.

This overestimation soon became clear as the former Soviet republics began distancing themselves from Moscow in the mid-1990s. Two important events help to explain the decline in Russia’s influence in the former Soviet republics. The first event was Russia’s initial war in Chechnya, 1994-96. The once powerful Russian military was unable to defeat an inferior rebel force despite boasting an enormous technological and resource advantage. This costly defeat highlighted the deteriorating state of the Russian military and cast doubts in the minds of the Central Asian leaders as to how effective Russia would be in providing security in the region.

The second event was the collapse of the Russian economy in 1998. The collapse had a resounding effect throughout the Central Asian states, whose economies were still closely tied to the Russian economy. This economic collapse meant Russia would be unable to provide the former Soviet republics with the monetary aid needed to further develop their economic and security infrastructure. The economic collapse and the deteriorating state of the Russian military pushed the Central Asian states away from Moscow and in search of their own identities as well as other sources of economic and security support.

When the current Russian president, Vladimir Putin, took office on an acting basis on 31 December 1999, Russia’s influence in the Central Asian region had severely

⁹ Lena Johnson, “Russia and Central Asia,” in *Central Asian Security*, ed. by Roy Allison and Lena Johnson (Washington, DC: Brookings Institution Press, 2001), 96.

diminished. Russia's closest ally in the region by the year 2000 was Tajikistan, the weakest of the former Soviet republics. The strongest nation in the region, Uzbekistan, was the most outspoken critic of Russia's policies in Central Asia. Attempts at collective security agreements within the region, specifically the Commonwealth of Independent States Collective Security Treaty, failed to materialize as Russia envisioned.

Russia viewed the Commonwealth of Independent States (CIS) Treaty on Collective Security as an attempt to provide security and stability to the participating former Soviet republics. The treaty was signed by six of the former Soviet republics in 1992: Armenia, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan. Article Four of the CIS Treaty on Collective Security delineates the collective defense obligation.

If one of the participating states is subjected to aggression by any state or group of states, this will be perceived as aggression against all participating states to this treaty. In the event of an act of aggression being committed against any of the participating states, all the other participating states will give it the necessary assistance, including military assistance, and will also give support with the means at their disposal by way of exercising the right to collective defense in accordance with article 51 of the UN Charter.¹⁰

However, while Russia viewed this treaty as creating a secure and stable periphery, several other former Soviet republics viewed it differently. Although other countries adhered to it (Azerbaijan, Belarus, Georgia and Uzbekistan), Azerbaijan, Georgia and Uzbekistan "decided to end their participation in the collective military cooperation framework because the treaty provided no actual protection of its members security, rather it has more to do with extending Russia's interests."¹¹ Moreover, six former Soviet republics never adhered to the CIS Collective Security Treaty: Estonia, Latvia, Lithuania, Moldova, Turkmenistan and Ukraine.

At the start of his time in office President Putin began warning about the dangers of terrorism and Islamic fundamentalism. These warnings, which concerned key security dilemmas in Central Asia, drew favorable responses from Central Asian leaders. As

¹⁰ "Treaty on CIS Collective Security Published," *Rossiyskaya Gazeta*, Moscow, 23 May 1992, First Edition, pp. 2. From FBIS-SOV-92-101, 26 May 1992.

¹¹ Dimitri Kemoklidze, "Has the Commonwealth of Independent States Collapsed?" From Central Asia-Caucasus Analyst, Johnson's Russia List #5012, 8 January 2001. Available at <http://www.cdi.org/Russia/Johnson/5012.html>

President Putin was warning about the dangers of terrorism, the Russian military was demonstrating its ability to provide anti-terror support to Central Asian leaders. A large scale military exercise, Commonwealth Southern Shield 2000, involving “about 10,000 Russian, Tajik, Kazakh, Kyrgyz and Uzbek troops ... specifically rehearsed an anti-terrorist operation.”¹² This large scale exercise demonstrated that Russia still maintained the ability to project power in the Central Asian region and helped to reassure Central Asian leaders that Russia could be counted on to provide anti-terrorism support when needed.

A. RUSSIA’S POLITICAL MOTIVES WITHIN THE SCO

Vladimir Putin’s pragmatic approach to Central Asian relations and the creation of the Shanghai Cooperation Organization have effectively strengthened Russia’s influence in the former Soviet republics. By aligning itself with China and the four Central Asian states in the SCO, Russia may also be seeking a tool to counter U.S. influence in the region and to hold China in check. Politically, the creation of the SCO has not only given Russia a “Trojan horse” to exert influence in the region it controlled for over one hundred years (1865-1991),¹³ but it could also allow Russia to achieve two of its long-standing foreign policy goals in Central Asia: “to integrate the Central Asian states in the CIS [Commonwealth of Independent States] sphere and make them into close allies and...to deny external powers strategic access to Central Asia.”¹⁴ It is obvious, however, that China is an “external power” that gains “strategic access” to Central Asia via the SCO.

In the SCO, Russia and China have found a common forum in which to air their anti-U.S. sentiments and voice their opposition to U.S. policies. Russia has backed China’s position that Taiwan is an integral part of China and not an independent nation. Until the United States announced its withdrawal from the ABM Treaty in December 2001 (a withdrawal that took effect in June 2002), Russia also used the SCO to underline

¹² Roland Dannreuther “Russia’s Eurasian Security Policy,” Joint Workshop on Europe and Transatlantic Security: Issues and Perspectives, from the Geneva Centre for Security Policy. Available at <http://www.gcsp.ch/e/research/Kandersteg/Papers/Dannreuther.htm>

¹³ Olivier Roy, *The New Central Asia* (New York: New York University Press, 2000), pp. 25-33. Although the Russians began expanding their rule into this region in 1854 after their defeat in the Crimean war, the borders of the present states were not established until the 1920s under the USSR.

¹⁴ The NATO-Russia Archive, “Russia and Central Asia,” Available at <http://www.bits.de/NRANEU/CentralAsia.html>

its opposition to the U.S. missile defense system by emphasizing the need to strictly abide by the 1972 ABM treaty.

Russia has also used the SCO to assert the need for a “multi-polar” structure in global politics. A June 2002 declaration of the heads of state of the SCO proclaimed: “The SCO member states build their relations within the framework of an emerging multipolar system of international relations and believe that world order in the 21st century should be based on mechanisms for the collective solution of key problems.”¹⁵ This provision of the SCO declaration is consistent with one of the general principles of the Foreign Policy Concept of the Russian Federation, signed 28 June 2000. That provision identifies the United States as the hegemon in a unipolar international order: “There is a growing trend towards the establishment of a unipolar structure of the world with the economic and power domination of the United States.”¹⁶

B. RUSSIAN ECONOMIC NEEDS IN CENTRAL ASIA

The economic potential of the Central Asian states is perhaps the main catalyst of the power competition between China, Russia and the United States in the region. The Central Asian region, including the Caspian Sea basin, is second only to the Persian Gulf area in known energy resources. The five Central Asian states (including Turkmenistan) possess roughly 4 percent of the world’s natural gas reserves and over 6.6 billion barrels of proven oil reserves.¹⁷ Kazakhstan, the region’s largest oil producer, extracts over 811,000 barrels of oil per day.¹⁸

The lack of alternative export routes for Central Asian oil and natural gas has allowed Russia to maintain control over the region’s energy resources. To reach the world markets Central Asian oil and gas must be shipped through pipelines on Russian soil. However, as foreign aid and investment, most notably from the United States, pour into the region, alternative routes, i.e. alternate pipelines, are being developed in order to

¹⁵ Declaration by the Heads of the member States of the Shanghai Cooperation Organization, 7 June 2002, from The Daily News Bulletin of the Ministry of Foreign Affairs of the Russian Federation, Information and Press Department.

¹⁶ The Foreign Policy Concept of the Russian Federation, 28 June 2000, from the NATO-Russia Archive-Russia and Central Asia. Available at <http://www.bits.de/NRANEU/CentralAsia.html>

¹⁷ The Department of Energy Central Asian Region Analysis Brief, May 2002. Available at <http://www.eia.doe.gov>

¹⁸ Ibid.

bypass the heavily taxed Russian pipelines. If these alternative routes are established, Russia stands to lose a large amount of yearly revenue and significant political leverage.

One example of Russia's control over Central Asian energy resources is the domination of the natural gas resources in the region by Gazprom, Russia's state-run natural gas company. Gazprom maintains a monopoly over Russian and Central Asian natural gas export pipelines. This company produces roughly 94 percent of Russia's natural gas and holds about one third of the world's natural gas reserves.¹⁹ Gazprom controls all the natural gas pipelines throughout Russia and into Central Asia. Because of this monopoly, Gazprom has become Russia's largest earner of hard currency and accounts for 25 percent of the Russian government's tax revenue.²⁰

Although Russia possesses its own vast quantities of proven oil reserves, 48.6 billion barrels, and the world's largest natural gas reserves, Central Asian oil and gas reach the world markets as Russian exports.²¹ The combination of Russia's own oil and natural gas reserves and the oil and natural gas it transports from the Central Asian states has made Russia the world's largest natural gas exporter and the world's second largest oil exporter, behind Saudi Arabia.²²

However, Russia's monopoly over oil and natural gas export routes from Central Asia is coming to an end. The Central Asian states have begun to develop alternative export routes, namely alternate oil and gas pipelines. By developing these alternate pipelines, the Central Asian states can bypass the heavily taxed Russian pipelines and export their energy resources at world market prices instead of the prices they currently receive from Russia.

Through the structure of the SCO, Russia and China are competing with the West, most notably the United States, for the development and export of Central Asian natural energy. According to the Declaration of the Shanghai Cooperation Organization, on 7 June 2002, "developing the economic partnership is a particularly important task in the activities of the SCO...In the nearest future it is necessary to determine priority projects

¹⁹ The Department of Energy Country Analysis Brief for Russia, November 2002. Available at <http://www.eia.doe.gov>

²⁰ Ibid.

²¹ Ibid.

²² Ibid.

for practical cooperation in such areas as the construction of transport communications and power supply projects, water use, the extraction and transportation of energy resources, as well as in other fields of mutual interest.”²³ This pledge by the organization gives Russia and China an added advantage over their Western competitors, but it by no means ensures that Moscow and Beijing will attain a monopoly over access to Central Asian natural resources.

One potential crisis that could evolve within the SCO is a rivalry between Russia and China over the energy resources in the Central Asian region. As China’s economy continues to grow and its energy consumption continues to rise, it will require more sources of energy to meet its growing demands. Russia will also require more sources of energy in the coming years as its official strategy through 2020 will be “to position itself as a leader in the world’s energy markets,”²⁴ as declared by Russia’s Energy Minister, Igor Yusufov, in May 2002.

Russia has continued to increase its yearly oil output. This has resulted in Russia’s oil production exceeding the development and discovery of new oil fields. Indeed, Russia’s largest oil fields in Siberia are being depleted. The depletion of these oil fields will eventually cause a severe decrease in Russian oil output. Russia will then probably begin to rely on Central Asian oil as it focuses on discovering and developing new oil fields within Russia.

The largest impediment keeping Russia from exploiting Central Asian oil through the SCO is its lack of ability to provide economic backing for the development of the region’s oil and natural gas facilities, including new export routes. However, by forming an alliance with the Central Asian states and China, Russia has paved the way for stronger economic ties with the Central Asian region. This may enhance Russia’s opportunities to exploit Central Asian energy resources. Without the SCO Russia would have to compete alone against Western nations, notably the United States, for Central Asian oil and natural gas, something Russia is financially ill-equipped to do.

²³ Declaration by the Heads of the Member States of the Shanghai Cooperation Organization, 7 June 2002. From the Daily News Bulletin from the Ministry of Foreign Affairs of the Russian Federation, Information and Press Department.

²⁴ Igor Yusufov quoted in Sergei Blagov, “Russia Looks East and West for Energy Resources,” 30 May 2002, from EURASIANET.org/departments/business/articles/eav053002.shtml

C. RUSSIAN SECURITY CONCERNS

One of the chief reasons Russia pushed for the creation of the SCO was fear of the instability in the Central Asian region spilling across Russia's porous southern borders. Russia's southern regions are impoverished and ethnically diverse. The lack of an adequate number of border guards to patrol Russia's 16,762 km southern border and the severe corruption among key officials in the region and among the border guards themselves contribute to the growing problems of narcotics trafficking and illegal immigration.²⁵ It has been estimated that nearly 70 percent of the narcotics flow through Russia's southern border passes through a border guard checkpoint.²⁶

The poverty, corruption and lack of government resources to combat these problems make Russia's southern regions susceptible to separatism and the spread of radical Islam. The republics of Tatarstan and Bashkortostan in southern Russia pose the greatest fears for Russian officials. These two autonomous republics are the most diverse regions within Russia, ethnically and religiously, with large Muslim majorities in both republics.

The fear of Islamic fanaticism spreading to these two republics was addressed by Supreme Mufti Talgat Tadzhuiddin, head of the Spiritual Administration of Moslems of the European Part of Russia and Siberia. In April 2001 he stated, "The situation is quite alarming and adverse in Orenburg and Ulyanovsk regions, Tatarstan and Mordovia. The extremism, fanaticism, and varieties of Wahhabism there are attempting to acquire a wide field of activity."²⁷ In December 1999 an explosion destroyed a section of a gas pipeline in Kirovskaya Oblast near Tatarstan. The police detained twelve individuals with ties to the bombing, including individuals from Tatarstan and Bashkortostan.²⁸

These security concerns were probably among the main driving forces behind Russia backing China in the creation of the SCO. Through this organization Russia could

²⁵ Robert Orttung "Russia's Southern Regions: Threats and Opportunities," from the Policy Brief of the EastWest Institute. Available at <http://psp.iewis.org>

²⁶ Ibid.

²⁷ Tadzhuiddin in *Izvestiya*, 27 April 2001, quoted in Mark A. Smith, *Russia & Islam*, F73 (Camberley, England: Conflict Studies Research Center, August 2001), p. 9. Available at <http://www.csrc.ac.uk>

²⁸ Mark A. Smith, *Russia & Islam*, F73 (Camberley, England: Conflict Studies Research Center, August 2001), p. 9. Available at <http://www.csrc.ac.uk>

work with its southern neighbors to stem these growing problems and create a stable buffer zone between Russia's southern regions and the growing problem of radical Islam in Central Asia. Russia articulated this priority in its Foreign Policy Concept in June 2000: "To form a good-neighbor belt along the perimeter of Russia's borders, to promote elimination of the existing and prevent the emergence of potential hotbeds of tension and conflicts in regions adjacent to the Russian Federation."²⁹

Another Central Asian security concern for Russia has been how to provide security for ethnic Russians still residing in the former Soviet republics. The break-up of the Soviet Union left large numbers of ethnic Russians citizens of newly formed nations. Through the 1990s a major portion of the ethnic Russians in the Central Asian states migrated back to Russia, but there still remains a considerable number of ethnic Russians in the former Soviet republics, notably in Kazakhstan where Russians make up 30% of the population.³⁰

The Russian Federation Foreign Policy Concept addresses the issue of ethnic Russians living abroad by stating that one of the main objectives of Russia's foreign policy is "To uphold in every possible way the rights and interests of Russian citizens and fellow countrymen abroad."³¹ The SCO may enable Russia to protect the rights and interests of Russian citizens in the Central Asian states by working with these governments to eliminate the instability which threatens Russian citizens and/or ethnic Russians residing in the Central Asian region. Also, by working through the organization, Russia's actions would not be viewed with suspicion by Central Asian leaders, in contrast with Moscow's Central Asian policy in the early 1990s.

D. CONCLUSION

Russia hopes that the cooperation of the six member states of the SCO in combating illegal activities in the Central Asian region will stem the spread of radical Islam and separatism through Russia's southern regions. This might help prevent a situation similar to the ongoing Chechen campaign for independence. Russia is also

²⁹ The Foreign Policy Concept of the Russian Federation, 28 June 2000, from the NATO-Russia Archive-Russia and Central Asia. Available at <http://www.bits.de/NRANEU/CentralAsia.html>

³⁰ The CIA World Factbook 2002. Available at <http://www.cia.gov/cia/publications/factbook/index.html>

³¹ The Foreign Policy Concept of the Russian Federation, 28 June 2000, from the NATO-Russia Archive-Russia and Central Asia. Available at <http://www.bits.de/NRANEU/CentralAsia.html>

optimistic that cooperation within the organization will help to curtail narcotics smuggling and illegal immigration.

Russia's vision of providing security and stability in the former Soviet space through the Commonwealth of Independent States Collective Security Treaty has been slow to materialize. Therefore, Russia has been interested in establishing an organization that would encompass all the Central Asian states, including Uzbekistan, which had dropped out of the Collective Security Treaty.

The economic benefits in the form of Central Asian oil and natural gas, which Russia hopes to attain through the SCO, could add a tremendous boost to Russia's weak economy. Russia's monopoly over natural gas and oil export routes has allowed Russia to exert some control over the former Soviet republics in Central Asia. However, Russia's inability to provide the financial resources needed to develop the region's oil and natural gas fields and to develop new export routes has pushed the Central Asian states away from Russia and towards Western nations, notably the United States.

The SCO has the potential to change Russia's economic direction in Central Asia and to strengthen Russia's political influence throughout the region. As long as President Putin continues to maintain friendly ties with China, bilaterally and through the SCO, and with the West, specifically NATO countries (the United States above all), the SCO has the potential to provide Russia with the political, economic and security benefits that Moscow has apparently envisioned.

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III. THE CHINESE PERSPECTIVE

As the main catalyst for the establishment of the SCO, China evidently pursued the creation of the organization for three primary reasons. First, the SCO has given China another tool to combat the Uighur separatists in the Xinjiang autonomous region as well as to satisfy security concerns on its western borders. Second, despite the reiteration by the members of the SCO that the organization “is neither a bloc nor a closed alliance, [and] is not directed against any individual countries or groups of states,”³² the SCO has given China a vehicle in which to push its anti-U.S. views, to counter what it sees as U.S. hegemony in the region, and potentially to rival the U.S.-led NATO alliance. China’s third motive for the creation of the SCO appears to have been its desire for stronger economic and trade ties and the development and export of Central Asia’s energy resources.

A. CHINESE SECURITY CONCERNS IN CENTRAL ASIA

The Xinjiang autonomous region in northwest China is the nation’s largest province. It has borders with eight countries: Afghanistan, India, Kazakhstan, Kyrgyzstan, Mongolia, Pakistan, Russia and Tajikistan. Militarily and economically, this province is of extreme importance to the Chinese government. Militarily, the Taklamakan desert in the region contains China’s nuclear testing site, Lop Nor. The Xinjiang province is nonetheless one of the most insecure provinces in China, due to the militant Uighur groups that operate in the region and the flow of narcotics, primarily heroin and opium, out of Afghanistan. Economically, the region contains large deposits of oil, natural gas and minerals. Moreover, the province is the crucial link between China and the Central Asian energy resources. However, despite the abundance of these profitable energy resources, the Xinjiang region is one of China’s least developed regions.

The Xinjiang autonomous province is also home to the Turkic-speaking Uighur people who make up roughly 47 percent (8.7 million) of the population, while the Han

³² Declaration by the Heads of the Member States of the Shanghai Cooperation Organization, Article 5, 7 June 2002. From the Daily News Bulletin of Ministry of Foreign Affairs of the Russian Federation, Information and Press Department.

Chinese make up the largest minority in the region with a population of 41 percent (7.5 million).³³ Having witnessed the victory of the Afghani Mujhadeen fighters over the Soviet invaders in the late 1980s and having watched their fellow Muslims in the Central Asian states gain their independence in 1991, the Uighurs lobbied heavily for the creation of their own independent state in the Xinjiang region, separate from the oppressive Chinese rule they had lived under for over 300 years. However, because the Chinese government continued its oppression of the Uighur population, some Uighurs turned to militancy in an attempt to achieve independence from China.

The Uighur hopes of establishing an independent East Turkistan nation in what is now Xinjiang province have diminished as the Chinese Communist government has continually repressed and stifled any attempt at “splittism” or separatism. This repression has resulted in the formation of several Islamic fundamentalist movements which have resorted to acts of terrorism in attempts to gain independence. Two of the more prominent groups, the East Turkistan Islamic Movement (ETIM) and the Home of East Turkestan Youth, have been linked to numerous assassinations of Chinese and Uighur Communist leaders as well as several terrorist bombings, including a deadly bombing on a Beijing bus.

The Chinese government holds that the Uighur terrorist groups receive aid and training from other radical Islamic groups in Central Asia. Also, since the terrorist attacks on the United States on 11 September 2001, the Chinese government has repeatedly asserted that the Uighur terrorist groups, most notably ETIM, have links to Al-Qaeda and Osama Bin Laden. ETIM was not, however, considered an international terrorist organization by the United States until 3 September 2002.³⁴ It should be noted that “Before the Sept. 11 terrorist attacks, China sought to play down Uighur links to foreign movements, including al Qaeda and the Taliban.”³⁵ This circumstance has led some observers to speculate that China’s post-11 September 2001 assertions regarding

³³ Sean L. Yom, “Uighur Muslims in Xinjiang,” from the Self-determination Regional Conflict Profile. Available at http://www.selfdetermine.org/conflicts/uighur_body.html

³⁴ The Eastern Turkistan Islamic Movement was added to Executive Order 13224, identifying individuals and organizations with links to terrorism. The Executive Order was signed by President George W. Bush on 23 September 2001. This executive order is available at the U.S. Department of State website: <http://www.state.gov/s/ct/rls/fs/2002pf.htm>

³⁵ Karen DeYoung, “U.S. and China Ask U.N. to List Separatists as Terror Group,” *Washington Post*, 11 September 2002, Sec. A13.

such links may be opportunistic and calculated to legitimize Beijing's actions against champions of Uighur independence.

Through the creation of the SCO, China has attempted to ensure that the Central Asian states, especially those that border the Xinjiang province, will not support Uighur independence and will assist Beijing in repressing all Uighur independence movements under the guise of the global war on terrorism. While China has convinced other member states of the SCO to support its policies regarding Uighur independence, media criticism in some of the Central Asian states of these policies could undermine the cohesiveness of the SCO.

The most vocal critics of China's policies towards ethnic Uighurs have been the Kazakh media. The media in Kazakhstan have even criticized the SCO for keeping "silent about China's repressing Uighurs."³⁶ The same report also stated that the Eastern Turkestan United National Revolutionary Front, one of the Uighur groups accused of terrorism by the Chinese government, had "boosted its activities in Kazakhstan."³⁷ If the report is well-founded, such activities could damage Chinese-Kazakh relations.

In addition to offering political support for China's combat against Uighur separatists, the SCO has provided China with a means of satisfying its security concerns on its western borders. The premise for the creation of the original "Shanghai Five" in 1996 was "developing goodneighbourly and friendly relations, maintaining long-term stability in the border area, [and] strengthening mutual confidence in the military field in the border area."³⁸ By developing friendly relations through the SCO and through bilateral relations with its other neighbors, China is working to promote an atmosphere of stability in the 15 countries with which it currently shares a border.

A clear indication of the importance China has placed on the development of the SCO as a security mechanism in Central Asia has been the Chinese military's participation in unprecedented military exercises outside its borders with a foreign country's troops. The first exercise, conducted jointly with Kyrgyzstan in October 2002,

³⁶ Mark Berniker, "China's Uighur Policy Draws Critics in Kazakhstan," EURASIANET.org, 29 January 2002. Available at <http://www.eurasianet.org/departments/rights/articles/eav012902.shtml>

³⁷ Ibid.

³⁸ Agreement on Confidence Building in the Military Field in the Border Areas, Article 2, 24 April 1996. Available at <http://www.stimson.org/cbm/china/crplus.htm>

was the first joint exercise within the SCO and involved training military forces to combat terrorism, extremism and separatism, which China believes are the “three evil forces” creating instability in the Central Asian region.³⁹

According to a Kyrgyz source, “The maneuvers are taking place over two days near the Irkeshtam crossing on the Kyrgyz-Chinese border and involve some 300 troops from China’s Xinjiang military district and Kyrgyzstan’s defense ministry and border forces.”⁴⁰ Other member nations of the SCO participated as observers in the exercise.

The second anti-terror exercise conducted within the framework of the SCO occurred in two phases. The first phase took place in Kazakhstan from 6 to 10 August 2003 and the second phase took place in China’s Xinjiang region on 11-12 August 2003. The second phase of the exercise marked the first time a foreign military force was allowed to enter China in order to conduct joint exercises in over 53 years.⁴¹

The first stage of the exercise focused “on creating the joint command, planning the operation, organizing ‘combat actions’, managing the forces and funds allocated, intercepting a ‘transgressor aircraft’ and forcing it to land, landing troops and blocking and destroying a group of ‘terrorists’.”⁴² The second phase of the exercise involved surrounding and storming a “terrorist” camp and freeing hostages.

The exercise included military forces from all of the member states of the SCO except Uzbekistan. The exercise, the largest multinational exercise the Chinese military has participated in, further demonstrated Beijing’s desire to see the security mechanism of the SCO succeed. The second phase of the exercise, conducted (as noted above) in

³⁹ Transcript of PRC FM Spokeswoman News Conference on 24 September 2002. FBIS Document ID: CPP20020924000154.

⁴⁰ “China and Kyrgyzstan Launch Anti-terrorism Exercises,” from the China Daily 11 October 2002. Available at <http://www.china.org.cn/English/international/45570.htm>

⁴¹ “Beijing Allows Foreign Coalition Troops to Hold Military Exercises Within Borders for First Time,” Hong Kong Tai Yang Pao, 5 August 2003. FBIS Document ID: CPP20030805000120.

⁴² “First stage of Counterterrorism Drill starts in Kazakhstan,” Almaty Interfax-Kazakhstan, 6 August 2003. FBIS Document ID: CEP20030806000191.

China's Xinjiang region, also sends a clear signal to Uighur militant groups operating in the region.

B. COUNTERING U.S. HEGEMONY IN CENTRAL ASIA

The SCO has also given China an organization in which to push its anti-U.S. views with Russia's backing. China and Russia have consistently used the joint declarations of the member nations of the SCO to voice their opposition to U.S. policies. For example, the July 2000 Dushanbe Declaration voiced opposition to the U.S. missile defense program by emphasizing "the unconditional need for the preservation and strict observance of the 1972 ABM Treaty prohibiting the establishment of systems of anti-missile defense of the territories of countries."⁴³ The declaration of the SCO affirmed "support for the position of China coming out against the plans to include Taiwan in the ABM system of a theatre of war by any state and in any form."⁴⁴

Other declarations by the organization have targeted U.S. human rights policies. The SCO member nations expressed opposition to "the use of 'double standards' in questions of human rights and interference in the internal affairs of other states under the pretext of defending them."⁴⁵ This provision is obviously directed at U.S. and European concerns about Chechnya and Tibet.

Another anti-U.S. provision which China pushed for among the members of the SCO addresses the question of Taiwan's potential independence. The United States is obligated to aid Taiwan's capacity to deter Beijing through the 1979 Taiwan Relations Act. Under this act, "It is the policy of the United States... to provide Taiwan with arms of a defensive character; and...to maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan."⁴⁶ Beijing views Taiwan as a Chinese

⁴³ The Dushanbe Declaration by the Heads of State of the Shanghai Five, 6 July 2000. From the Daily News Bulletin of the Ministry of Foreign Affairs of the Russian Federation, Information and Press Department.

⁴⁴ Ibid.

⁴⁵ Declaration by the Heads of the Member States of the Shanghai Cooperation Organization, 7 June 2002. From the Daily News Bulletin of the Ministry of Foreign Affairs of the Russian Federation, Information and Press Department.

⁴⁶ The Taiwan Relations Act, Public Law 96-8 96th Congress; Approved 10 January 1979, Effective 1 January 1979. From the United States Information Agency website. Available at <http://usinfo.state.gov/regional/ea/uschina/taiwact.htm>

province and rival national government (until 1991), not an independent nation. China has succeeded in gaining the backing of the SCO's member nations, including Russia, in holding "that the Government of the PRC [People's Republic of China] is the sole lawful government representing all of China, and that Taiwan is an integral part of the territory of China."⁴⁷

C. ECONOMIC AND TRADE BENEFITS OF THE SCO

It appears that the final reason China pushed for the creation of the SCO was to promote closer economic and trade ties, especially in the energy resources sector, with the Central Asian states. The most populous nation in the world, China has become the world's second largest energy consumer behind the United States. China has also become the world's third largest oil consumer behind the United States and Japan, with 5.26 million barrels of oil consumed per day in 2002.⁴⁸ Since Japan's oil demand has become stagnant, future oil consumption projections have China surpassing Japan as the second largest oil consumer by the end of 2003. By the year 2025, oil consumption in China could be around 10.9 million barrels per day.⁴⁹

The projected increasing level of oil consumption in the future has led China to search for more sources of natural energy. China's Ministry of Finance has estimated that by the year 2010 China's energy needs will necessitate the importation of up to 120 million tons of oil per year, which would be double the amount of oil that China imported in 2002.⁵⁰ The large proven oil reserves in Central Asia and the possible large but as yet unproven reserves in this region help to explain China's eagerness to develop close economic and trade ties with these former Soviet republics. Rising energy requirements also explain China's fervor in developing the known energy resources in Xinjiang province.

The SCO has allowed China to develop close ties with the Central Asian states, and has provided a political framework for its efforts to become a major player in the race

⁴⁷ Declaration by the Heads of the Member States of the Shanghai Cooperation Organization, 7 June 2002. From the Daily News Bulletin of the Ministry of Foreign Affairs of the Russian Federation, Information and Press Department.

⁴⁸ Department of Energy Country Analysis Brief for China, June 2003. Available at <http://www.eia.doe.gov>

⁴⁹ Ibid.

⁵⁰ Ted Weihman, "China Making Diplomatic Push in Central Asia," Eurasianet.org, 9 June 2003. Available at <http://www.eurasianet.org/departments/business/articles/eav060903.shtml>

for the energy resources of the region. Chinese oil firms have invested considerably in Central Asian oil companies, most notably in Kazakhstan. The most noteworthy deal was the acquisition by the China National Petroleum Corporation (CNPC) of a 60 percent stake in the Kazakh oil firm Aktobemunaigaz.⁵¹ The CNPC also recently acquired a 25 percent stake in a Caspian Basin joint venture with Aktobemunaigaz.⁵² The joint venture with Aktobemunaigaz propels China into the Caspian Basin oil controversy, something the Kazakh government openly welcomes because it hopes to benefit from Beijing's support.

The division of the Caspian Sea and of the numerous oil and natural gas fields located in the Caspian Basin has been a source of tension between the countries which border the sea since the break up of the Soviet Union. These countries include Azerbaijan, Iran, Kazakhstan, Russia and Turkmenistan. Numerous ideas have been introduced on how to solve the territorial dispute issues, but no solution has been agreed upon by all the interested parties.

Although Kazakhstan and Russia have come to a bilateral agreement on the division of the northern Caspian Sea, an agreement which Iran does not concur with, the presence of Chinese oil companies, under the auspices of joint ventures with Kazakh oil firms, may allow the Kazakh government to feel a little more secure in future dealings with Russia over Caspian Basin territorial disputes. However, tensions over the Caspian Basin's energy resources and territorial boundaries could undermine the SCO by souring relations between Kazakhstan, Russia and China.

In addition to considerable investments by Chinese oil firms in Kazakh oil fields and companies, China has also proposed the development of an oil pipeline from Kazakhstan to China's eastern coast. This pipeline would help China meet its domestic oil consumption needs, and would also allow it to export more oil to Japan and the Southeast Asian region. Development of the proposed pipeline has been delayed until the reserves in Kazakh oil fields have been proven sufficient to make it economically worthwhile.

⁵¹ Ibid.

⁵² Ibid.

In addition to energy resources, Central Asia has become increasingly important to China in the trade of consumer goods. Chinese products have flooded Central Asian markets, replacing once-abundant Russian products. Chinese trade and foreign investment continue to increase with the Central Asian states. It is noteworthy in this regard that the Heads of States participating in the Shanghai Cooperation Organization's meeting on 30 May 2003 pledged "to help intensify the ongoing negotiating process on ways of creating favorable conditions for trade and investment and on completing the draft long-term program of multilateral trade and economic cooperation."⁵³

In Kazakhstan alone there are currently 20 accredited Chinese companies operating and around 600 Chinese companies operating in joint ventures.⁵⁴ In June 2003 Chinese President Hu Jintao and Kazakh President Nursultan Nazarbaev promised to increase bilateral trade from \$2 billion in 2002 to \$5 billion "over the next two years."⁵⁵ In addition to developing economic and trade ties with Kazakhstan, Chinese companies have been developing Kyrgyzstan's coal industry. As the top coal consumer in the world, China would benefit from the development of Kyrgyzstan's coal resources.

Interest in reviving the old "silk route" is also apparent, as indicated in the statement released after the organization's meeting in Bishkek, Kyrgyzstan, on 25 August 1999. This statement indicated that

All the parties support the "Silk Road Diplomacy" concept...The concept, expected to be realized by restoring the ancient "Silk Road" in the contemporary international cooperation, is aimed at promoting the sustainable development of the regional economy and strengthening regional peace and stability.⁵⁶

If this came to fruition, China would be linked to Europe via a significant overland trade route. China has shown interest in developing new transportation routes through the

⁵³ Declaration of the Heads of States Participating in the Shanghai Cooperation Organization, 30 May 2003. From the Information and Press Department of the Ministry of Foreign Affairs of the Russian Federation.

⁵⁴ Antoine Blua, "Kazakhstan: Hu's Visit Highlights Beijing's Growing Interest in Central Asia," Radio Free Europe/Radio Liberty, 4 June 2003. Available at <http://www.rferl.org/nca/features/2003/06/04062003161258.asp>

⁵⁵ Ibid

⁵⁶ Joint Statement of the Shanghai Five released after the organizations meeting in Bishkek, Kyrgyzstan, 25 August 1999. From the Beijing Review, Vol. 42, No. 37, 13 September 1999. Available at <http://Russia.shaps.hawaii.edu/fp/Russia/Bishkek-19990825.html>

region. Beijing has proposed the development of rail links through the Central Asian states which would ultimately be connected with rail links in Europe. China has begun constructing a rail link through Kyrgyzstan, Uzbekistan, and countries of the Middle East and Europe to Rotterdam.⁵⁷

D. CONCLUSION

Through the SCO China is successfully accomplishing two of its main goals. First, China is effectively creating, albeit slowly, the security and stability it needs on its western borders and in its Xinjiang province. Also, through the SCO China has masterfully gained the support of the Central Asian regimes in suppressing the Uighur independence movement. This may allow China to further develop its western regions, most notably Xinjiang, and provide a secure environment for energy transportation links, including oil and natural gas pipelines.

The second goal China is accomplishing through the SCO is increasing its economic and trade ties with the Central Asian states. China has positioned itself as a major player in the race to develop Central Asia's energy resources. China has also increased its bilateral trade with each of the Central Asian countries, flooding the Central Asian markets with Chinese goods. China's investment in the development of rail links through the Central Asian region appears intended to allow Chinese products to move more quickly and more affordably to the European markets.

China will probably continue to gain support for the SCO as long it continues to provide economic benefits, in the form of trade and investments, to the Central Asian states, and as long as it continues to take an active role in Central Asian security. Because Moscow is unable to compete militarily or economically with Beijing, China naturally finds itself assuming the leadership position of the organization. It is no surprise that the organization's secretariat will have its headquarters in Beijing beginning in January 2004 and that the first executive secretary of the SCO will be the Chinese Ambassador to Russia Zhang Deguang.

⁵⁷ Niklas Swanstrom, "China Conquers Central Asia Through Trade," Central Asia-Caucasus Analyst, 11 April 2001. Available at <http://www.cacianalyst.org>

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IV. THE CENTRAL ASIAN STATES PERSPECTIVE

From the Central Asian states' perspective, the creation of the SCO could potentially satisfy two important needs. First and foremost, the SCO could provide the security and stability the region desperately needs. The organization could also help to maintain the political balance between Central Asia's two most powerful and influential neighbors, China and Russia. The second important need of the Central Asian states is economic aid, particularly assistance in the development of their energy resources. The SCO can provide the Central Asian states with this through increased trade and direct foreign investment from Russian and Chinese firms.

Severe poverty, repression, narcotics smuggling, corruption among key leaders, and a continuing rise in radical Islamic fundamentalism have led to growing instability in the region. Most of the region's problems can be traced back to the pre-independence period, when the Soviet Union still controlled these states.

The Soviet policies of closed borders, forced cotton agriculture, farm collectivization, population relocation, and-most significant-Stalin's redrawing of the map of Central Asia to create five incongruous states had left the region economically hard-pressed, ethnically and politically divided, and forced to practice its majority religion-Islam-in secret.⁵⁸

Most of these problems persist today. The leaders of the Central Asian states, who for the most part came to power via the Soviet communist party, still run authoritarian regimes in which corruption is widespread, with obvious religious persecution. The region is also one of the poorest in the world, despite the abundance of revenue-producing energy resources. Central Asia has also become a major "highway" for narcotics gangs to get their products from Afghanistan to European and Asian markets. These persistent problems have led to the widespread increase in radical Islam, which has been perhaps the primary cause of instability in Central Asia.

The weak national governments of the former Soviet republics have neither the military nor the economic resources needed to combat these growing security problems. They desperately needed foreign assistance and therefore endorsed China's suggestion

⁵⁸ Ahmed Rashid, *Jihad: The Rise of Militant Islam in Central Asia*, (New Haven: Yale University Press, 2002) 57.

for the creation of the Shanghai Cooperation Organization. The SCO has the potential to provide these Central Asian states with the military and economic support they need as well as aid in the development of each nation's energy resources.⁵⁹

A. SECURITY CONCERNS OF THE CENTRAL ASIAN STATES: MILITANT ISLAM

The re-birth of militant Islam in Central Asia occurred in Uzbekistan just prior to the break-up of the Soviet Union. In late 1991 in Namangan, Uzbekistan, shortly before the collapse of the Soviet Union, a group of young Islamic militants led by Tohir Yuldeshev and Jumaboi Khojaev, seized the headquarters building of the Communist Party of Uzbekistan. The group had become enraged at the refusal by the Mayor of Namangan to give them land to build a mosque. This seemingly minor incident became the spark for the rapid spread of radical Islam throughout Central Asia through the 1990s and into the new millennium. The spread of radical, militant Islam is a primary cause of the insecurity and instability which currently afflict the region.

The two leaders of this violent Islamic revolution, Yuldeshev and Khojaev (who later changed his name to Juma Namangani in honor of his hometown of Namangan), would eventually create the most violent of the radical Islamic groups currently terrorizing Central Asia, the Islamic Movement of Uzbekistan (IMU). Yuldeshev and Namangani created the IMU in Kabul, Afghanistan, during the summer of 1998 with economic aid and military training from Mullah Omar, former leader of the ousted Taliban regime in Afghanistan, and Osama Bin Laden, the wealthy leader of the world terrorist organization al Qaeda.

Yeldeshev declared in the summer of 1998 that the goals of the IMU “are firstly fighting against oppression within our country [Uzbekistan], against bribery, against the inequities and also freeing of our Muslim brothers from prison.”⁶⁰ Yeldeshev also stated, “We declared a jihad in order to create a religious system, a religious government. We want to create a sharia system...Before we build an Islamic state we primarily want to get

⁵⁹ It should be noted that, although Turkmenistan is one of the former Soviet republics in Central Asia, it will not be discussed in this chapter because it is not a member of the SCO.

⁶⁰Yuldeshev quoted in Ahmed Rashid, *Jihad: The Rise of Militant Islam in Central Asia* (New Haven: Yale University Press, 2002) 148.

out from under oppression. We are therefore now shedding blood, and the creation of an Islamic state will be the next problem.”⁶¹

A second radical Islamic group vying for control of Central Asia, Hizb ut-Tahrir al-Islami (The Party of Islamic Liberation, also known as HT), shares goals with the IMU but with some differences. HT envisions creating a Muslim state encompassing all of Central Asia. “The HT has a vision of uniting Central Asia, Xinjiang Province in China, and eventually the entire *umma* (Islamic world community) under a *khilafat* (caliphate) that would reestablish the Khilafat-i-Rashida, which ruled the Arab Muslims for a short time after The Prophet Muhammad’s death in 632.”⁶² The HT also believes in achieving these goals by peaceful means.

The stated goals of the IMU, as previously mentioned, are to depose the government of Karimov in Uzbekistan and make Uzbekistan an Islamic state. While there are other small, radical Islamic groups in Central Asia, the IMU and the HT are the two primary groups in size and popularity. The IMU was recognized as a terrorist organization by the United States under Executive Order 13224 on 23 August 2001.⁶³

The HT was created by Shiek Taqiuddin an-Nabhani Filastyn, a Palestinian, in Saudi Arabia and Jordan in 1953, and was first introduced in Central Asia in 1995. The group believes that gaining mass support through non-violent means will eventually lead to a peaceful overthrow of the Central Asian governments by its mass supporters. Whereas the IMU gains most of its recruits from the peasant farmers and rural areas of Central Asia, HT receives most of its support from the urban intelligentsia. College students and teachers are among its most active supporters.

Despite the events in the early 1990s, including the Tajik civil war and the incident in the Namangan province of Uzbekistan, radical Islam was not considered a major problem in Central Asia until 1996 when the Taliban came to power in Afghanistan. The Taliban victory in Afghanistan ensured a secure place for the training, coordination and economic backing of radical Islamic groups throughout the world,

⁶¹ Yeldeshev quoted in *ibid.* pp. 148-149.

⁶² *Ibid.* pp. 115-116.

⁶³ The Islamic Movement of Uzbekistan was included in the original annex of Executive Order 13224, identifying individuals and organizations with links to terrorism. The Executive Order was signed by President George W. Bush on 23 September 2001. This executive order is available at the U.S. Department of State website: <http://www.state.gov/s/ct/rls/fs/2002pf.htm>

including the IMU. Although the rise of the Taliban united the Central Asian governments in cooperation to fight militant Islam, it was not until 1999 that “a shift took place from only talking about regional cooperation to taking real measures against Islamists.”⁶⁴

Two events in 1999 caused the shift: the attempted assassination of Uzbek President Islam Karimov in a series of car bombings in Tashkent in February and the incursion by Islamists into the Batken region of Kyrgyzstan in August. The incursions resulted in the kidnapping of several hostages. These two events illustrated the extreme threat posed by radical Islamic groups which now confronted the governments of the Central Asian states.

Since the U.S.-led war against the Taliban regime and the Al Qaeda terrorist network in Afghanistan began in October 2001, the threat posed by the IMU in Central Asia has significantly decreased but has not disappeared. A large number of IMU fighters were either killed or scattered while fighting alongside Taliban and al Qaeda fighters in Afghanistan. According to the State Department’s *Patterns of Global Terrorism 2001*, the military leader of the IMU, Juma Namangani, was killed during an air strike at the battle of Kondozi in November 2001.⁶⁵ The political and ideological leader, Tohir Yoldashev, still remains at large. The same report stated that the United States could not find any link between HT and terrorist activities. Therefore, Hizb ut-Tahrir al-Islami has not been considered a terrorist organization by the United States.

B. FACTORS AIDING THE SPREAD OF RADICAL ISLAM

Several factors have led to the insecurity and instability in the Central Asian region, but the primary cause of the instability appears to be the spread of radical Islam. However, several factors common to all of the Central Asian states have directly contributed to the rapid spread of radical Islam.

One factor contributing to the spread of radical Islam is the severe poverty of the region, a cause of the deplorable living conditions. For example, in Kyrgyzstan the average annual per capita income in 2001 was \$290 U.S., and 55 percent of the

⁶⁴Alexie Malashenko, “Islam in Central Asia,” in *Central Asian Security*, ed. by Roy Allison and Lena Johnson (Washington, DC: Brookings Institution Press, 2001), 55.

⁶⁵ *Patterns of Global Terrorism, 2001*. The U.S. Department of State website available at <http://www.state.gov/documents/organization/10291.pdf>

population lived below the poverty line.⁶⁶ In Uzbekistan, the most populous of the Central Asian states, the average annual per capita income in 2001 was \$237 U.S.⁶⁷ Tajikistan has the weakest economy of the Central Asian states with an average annual per capita income in 2001 of \$161 U.S.⁶⁸ In 2000 80 percent of the population lived below the poverty line.⁶⁹ Kazakhstan has developed the strongest economy of the Central Asian states, due to its successful economic reforms in the late 1990s. Kazakhstan also possesses large amounts of energy resources, notably oil, which continue to be the country's primary exports. The average annual per capita income for Kazakhstan in 2002 was \$1,640 U.S.⁷⁰

The poorest regions of the Central Asian states have become the primary recruiting grounds for militant Islamic groups. Kyrgyzstan's Batken region is evidence of how the socio-economic conditions are affecting the government's fight to stop the spread of radical Islam. The region is Kyrgyzstan's most impoverished, with high unemployment, a high birth rate and depleted natural resources. Most of the factories supporting the region's industry have been shut down since the early 1990s and basic services, including electricity, are scarce. This severe poverty has driven a significant number of the region's younger males into the ranks of the IMU.

According to Ercan Murat, the U.N. head of mission for Kyrgyzstan, "Poverty is playing into the hands of the [Islamic] extremists. There is nothing like poverty, hunger and not having access to basic services, such as decent housing to create discontent."⁷¹ This discontent is driving Muslims, notably young men, into militant Islamic groups. A social worker, Gulmira Dovutoka, in the Batken region of Kyrgyzstan described the growing problem there. "It's the same everywhere -- the villages are empty of young

⁶⁶ Department of Energy Country Analysis Brief for Kyrgyzstan, May 2002. Available at <http://www.eia.doe.gov/emeu/cabs/kyrgyz.html>. Kyrgyzstan Country Report available at <http://www.countryreports.org/content/kyrgyzstan.htm>

⁶⁷ Nations in Transit Country Report on Uzbekistan, Freedom House, 2002. available at <http://www.freedomhouse.org/research/nitransit/2002/uzbekistan2002.pdf>

⁶⁸ Ibid.

⁶⁹ Tajikistan Country Report available at <http://www.countryreports.org/content/tajikistan.htm>

⁷⁰ Department of Energy Country Analysis Brief for Kazakhstan, July 2003. Available at <http://www.eia.doe.gov/emeu/cabs/kazak.html>

⁷¹ Ahmed Rashid, *Jihad: The Rise of Militant Islam in Central Asia* (New Haven: Yale University Press, 2002) 163.

men -- either they have gone to Russia to look for work or they join Namangani [The military leader of the IMU] because at least he pays them.”⁷²

The authoritarian leaders of the Central Asian states, whose political and religious oppression has come under continuing scrutiny from human rights watch groups, have actually contributed to the rise in Islamic fundamentalism through their oppressive regimes. This is most evident in Uzbekistan, where Uzbek President Islam Karimov has instituted several oppressive policies to crack down on political and religious groups.

Karimov was elected president in 1991 after the breakup of the Soviet Union. Since first taking office, Karimov has held several referendums to extend his stay in office. He has also introduced several laws which severely restrict the activities of religious groups in Uzbekistan, predominantly Islamic organizations, despite the fact that 88 percent of the Uzbek population is Muslim.⁷³ Moreover, Karimov’s strict border regulations and economic policies have contributed to the severe poverty in the country.

Uzbekistan law requires all religious organizations to register with the government and to satisfy requirements for their registration in addition to a list of names, at least one hundred, of registered members of the organization. Other laws prohibit religious organizations from forming political parties or social movements, ban the Koran from all detention facilities, and forbid Muslims in prison to pray.

Two laws were passed in Uzbekistan in May 1998. The first was the Law on Freedom of Conscience and Religious Organizations. This law

restricts religious rights that are judged to be in conflict with national security, prohibits proselytizing, bans religious subjects in schools, prohibits private teaching of religious principles, forbids the wearing of religious clothing in public by anyone other than clerics, and requires religious groups to obtain a license to publish or distribute materials.⁷⁴

The second law passed in May 1998 increased the penalties for violating these new religious laws and provided punishment for “activities such as organizing a banned

⁷² Ibid. 163.

⁷³ Uzbekistan Country Profile, The CIA World Factbook 2002. Available at <http://www.cia.gov/cia/publications/factbook/geos/uz.html>

⁷⁴ 2001 Annual Report on International Religious Freedom: Uzbekistan, released by the Bureau of Democracy, Human Rights, and Labor, U.S. Department of State, 26 October 2001. Available at http://www.uscirf.gov/dos01Pages/irf_uzbekist.php3

religious group, persuading others to join such a group, and drawing minors into a religious organization without the permission of their parents.”⁷⁵

Karimov has specifically targeted Islam by having all loud speakers removed from mosques to stop the amplified call to prayer, having the government regulate the content of every imam’s sermons and by closing a large number of mosques throughout Uzbekistan.

Although the government of Islam Karimov has led the way in religious persecution, the other former Soviet republics have begun to follow Uzbekistan’s lead. In Kazakhstan, President Nursultan Nazarbayev’s government has stepped up pressure on certain “non-traditional” religious groups. Religious groups in Kazakhstan are not required to register with the government, unless they plan to purchase land, hire employees or perform any other legal transactions. A new administrative code instituted in February 2001 “allows the national and local authorities to suspend the activities or fine the leaders of unregistered religious organizations.”⁷⁶

Kyrgyzstan has been the most liberal regarding freedom of religion since becoming an independent state in 1991. However, following the incursions and kidnappings by the IMU in 1999 and 2000, Kyrgyzstan has increased its religious persecution, mainly against Islamic groups that it deems a threat to national security.

The crackdown on Islamic groups in Kyrgyzstan may also result from pressure exerted on Kyrgyz President Askar Akayev by the governments of Uzbekistan and China. Uzbekistan’s President Karimov criticized Kyrgyzstan’s military for being weak and the Kyrgyz government for “collusion with the IMU,”⁷⁷ after it paid the terrorist group a ransom in exchange for the release of the hostages they had kidnapped during the incursions in 1999 and 2000. Karimov also accused Tajikistan of harboring terrorist groups after the IMU launched raids from bases in Tajikistan. Immediately following the accusations Karimov ordered the Uzbek military to conduct air strikes against suspected IMU safe havens in Kyrgyz and Tajik territory.

⁷⁵ Ibid.

⁷⁶ 2001 Annual Report on International Religious Freedom: Kazakhstan, released by the Bureau of Democracy, Human Rights, and Labor, U.S. Department of State, 26 October 2001. Available at http://www.uscirf.gov/dos01Pages/irf_kazakhst.php3

⁷⁷ Rashid, 162.

China also began to pressure Kyrgyzstan to take a tougher stance against Muslim Uighurs living in Kyrgyzstan. The Chinese government believes that Uighur terrorist groups in China's Xinjiang province are receiving aid from Uighurs in Kyrgyzstan and other Central Asian states. The Kyrgyz government eventually began to clamp down on the ethnic Uighur population in Kyrgyzstan by arresting several Uighurs it suspected of having ties to Uighur terrorist organizations.

Tajikistan's relations with Islamic fundamentalist groups differ from those of other Central Asian states. Islamic militant groups played a significant role in the Tajik civil war in 1992-1997. The 1997 agreement between the ruling party and the Party of the Revival of Tajikistan (PIRT), which formed the backbone of the United Tajik Opposition (UTO) during the civil war, allocated thirty percent of the senior government posts to the PIRT.⁷⁸ This agreement has enabled Tajikistan to be the only Central Asian state with an active Islamic party. The PIRT is comprised of several opposition parties which include Islamic groups. During the civil war the UTO launched guerrilla attacks on the national militia and ethnic Russians living in Dushanbe, while reportedly receiving supplies and support from the Northern Alliance in northern Afghanistan.⁷⁹

The Russian military still maintains a significant presence in Tajikistan. Approximately 6,000 troops from Russia's 201st Motorized Rifle Brigade, 14,000-16,000 troops from the Russian Federal Border Service, and a small contingent of support and reconnaissance aircraft have assisted the Tajik government in maintaining the peace since the civil war. The Russians have also helped the Tajik border patrol in stemming the incursions of radical Islamists, and in stopping the illegal flow of narcotics and weapons out of Afghanistan.⁸⁰

Since the U.S.-led war on terror began in October 2001, Tajik government officials (including PIRT members) have done all they can to distance themselves from the IMU and other radical Islamic groups. The government has increased its pressure on radical Islamic groups by expelling certain imams who, the government judged, were

⁷⁸ Country profile of Tajikistan from Freedom House. Available at <http://www.freedomhouse.org/research/freeworld/2000/countryratings/Tajikistan.htm>

⁷⁹ The UTO received military assistance from Ahmad Shah Masood in Northern Afghanistan, who soon thereafter became the leader of the Northern Alliance in its struggle against the Taliban. Rashid, 90.

⁸⁰ Micheal Jasinski, "Russian Military Capabilities in Central Asia," Monterey Institute of International Studies, 17 September 2001. Available at <http://cns.miis.edu/research/wtc01/rusmil.htm>

preaching radical ideology with the intent of promoting opposition to the state. The government has also forced numerous other imams to swear loyalty to the government.

Socio-economic conditions and oppression have been the primary factors driving young Muslims in the Central Asian states towards radical or militant Islam. The authoritarian governments have been unable to develop a plan that could pull their nations out of the doldrums of poverty despite the abundance of revenue-producing energy resources. Until these governments institute economic and political reforms that will produce democratic societies and market economies, they can expect a continued increase in Islamic fundamentalism.

C. OTHER DESTABILIZING FACTORS IN CENTRAL ASIA

As previously noted, the primary destabilizing factor in the Central Asian region is the continuing rise of Islamic fundamentalism. However, several other factors contribute to the instability and insecurity in the region. Narcotics trafficking, unresolved border issues, and the struggle for water resources could ultimately have a major impact on cooperation and cohesion within the SCO.

Narcotics trafficking dramatically increased in Central Asia throughout the 1990s. The UNDCP (UN Drug Control Program) estimated that by 1999 Afghanistan was producing 75% of the world's opium.⁸¹ This opium is making it to the world markets via Central Asia. The drugs are smuggled from Afghanistan through the Central Asian states, most notably Tajikistan, into Russia and Europe.

Although all the Central Asian states have been affected by the illegal narcotics trade, Tajikistan has undoubtedly bore the brunt of the problem. In 2000 it was estimated that 300-500 tons of opium equivalent or 30-50 tons of heroin travel through Tajikistan per year.⁸² Despite the defeat of the Taliban in Afghanistan, opium trafficking is not showing any signs of decline. 1,700 kg of drugs, including 1,100 kg of heroin, were confiscated by Tajik border guards on the Afghan-Tajik border in the first six months of 2002.⁸³

⁸¹ Grant Smith, "Ending Poppy Growing in Afghanistan: Implications for Tajikistan," Central Asia-Caucasus Analyst, 01 August 2001. Available at <http://www.cacianalyst.org>

⁸²Ibid.

⁸³ Roger N. McDermott, "Border Security in Tajikistan: Countering the Narcotics Trade," Conflict Studies Research Center, October 2002. Available at <http://da.mod.uk/csrc/home/Centralasia/K36>

The narcotics trade in Central Asia is also a primary source of funding for militant Islamic groups. The IMU reportedly has been using its militants to move opium and heroin through the region into Russia and to their contacts in Chechnya and eventually onto the European market. The revenue earned from moving just a kilogram of heroin through Central Asia is well worth the risk in a region fraught with poverty. According to retired U.S. Ambassador Grant Smith, “the profit from moving a kilogram of heroin across Tajikistan, which ranges from \$4000 if the destination is neighboring countries, to \$14,000 if the destination is Moscow.”⁸⁴

The ongoing squabbles over unresolved border issues constitute another factor contributing to the instability in the region. This problem directly emanates from Joseph Stalin’s decision to re-draw the borders of the Central Asian republics in the 1920s. The borders were drawn with no apparent rhyme or reason other than the Soviet leader’s attempts to keep these republics in constant turmoil and dependent on Moscow for security and stability.

The majority of the border issues are centered in the Ferghana Valley region of Central Asia. This region is considered the heart of Central Asia because it is where the majority of the population is located. Kyrgyzstan, Tajikistan and Uzbekistan share common borders within this region. The borders between these three nations in the Ferghana Valley are complex and bewildering. The Soviet re-drawing of the borders left thousands of people of various ethnic minorities stranded in enclaves in each of the three nations.

Two examples are the problematic Sukh and Vorukh enclaves in Kyrgyzstan. “The Sukh Enclave, with a population of 43,000 people and an area the size of the Gaza Strip, is part of Uzbekistan, stranded in and surrounded on all sides by Kyrgyzstan...The enclave is predominantly populated by Tajiks.”⁸⁵ The Vorukh enclave, also within Kyrgyzstan, is actually part of the territory of Tajikistan, with the majority of the population consisting of Tajiks.

The difficulties which these borders create have only been exacerbated by the governments of these Central Asian states. Strict border policies (and, in the case of

⁸⁴Grant Smith, “Ending Poppy Growing in Afghanistan: Implications for Tajikistan,” Central Asia-Caucasus Analyst, 01 August 2001. Available at <http://www.cacianalyst.org>

⁸⁵ Rashid, 159.

Uzbekistan, mining of the border areas) continue to create tension among the three states. Uzbekistan mined its borders with Kyrgyzstan and Tajikistan in an attempt to stop IMU incursions.

The strict border regulations have taken their toll on the poverty-stricken population. “The new borders have divided villages, farms, and families. For farmers to visit their relatives in the next village across the border, they now need a passport that costs the equivalent of a hundred dollars and a visa costing ten.”⁸⁶ The strict border regulations have also contributed to a third factor destabilizing the region and a potential threat that could undermine the Shanghai Cooperation Organization. That factor is the ongoing dispute over water resources.

The Aral Sea basin in Central Asia covers most of Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan, plus part of Kazakhstan. The basin supports 75 percent of Central Asia’s population and contains 90 percent of the region’s surface water.⁸⁷ The Aral Sea is primarily fed by two rivers, the Amu Darya and the Syr Darya. The head waters for these two major rivers are located in Kyrgyzstan and Tajikistan.

Because the head waters of the region’s two largest rivers are located in Kyrgyzstan and Tajikistan, these countries have an abundance of water resources, providing 90 percent of all available water in the region.⁸⁸ They primarily use the water for hydroelectric power with irrigation as a secondary use. Turkmenistan, Uzbekistan and the southern oblasts of Kazakhstan are the downstream users of both rivers. These three nations use the water primarily for irrigation and drinking water. The allocation of water among these nations is where the heart of the conflict lies.

Despite the abundance of water in Kyrgyzstan and Tajikistan, under current water agreements in the region, they are allocated less than a quarter of the water for their own needs. Under these same agreements Turkmenistan, Uzbekistan and portions of Kazakhstan are allocated a larger percentage of the water resources in exchange for energy resources, including natural gas, oil, electricity and coal.

⁸⁶ Ibid. 161.

⁸⁷ Stuart Horsman, “Water in Central Asia,” in *Central Asian Security*, ed. by Roy Allison and Lena Johnson (Washington, DC: Brookings Institution Press, 2001), 70.

⁸⁸ Ibid. 71.

The three downstream states, particularly Uzbekistan and Turkmenistan, rely primarily on agriculture exports for their revenue. 90 percent of their crops, primarily cotton, come from irrigated lands.⁸⁹ In recent years Kyrgyzstan has indicated that it wished to allocate a larger percentage of its water for irrigation, and this has sparked sharp protests from the downstream users.

The prominence of these water issues in regional politics is evident in the ongoing disputes between Kyrgyzstan and Uzbekistan. In the past Kyrgyzstan has decreased the water flow for various reasons, but primarily to counter Uzbekistan's decrease in energy resources or in order to seek more monetary compensation. Similarly, Uzbekistan has stopped the export of energy resources, notably natural gas, to Kyrgyzstan to protest the decrease in water resources from Kyrgyzstan. There are also ongoing water disputes between Turkmenistan and Uzbekistan, Tajikistan and Uzbekistan, and Uzbekistan and Kazakhstan. However, these water issues have not yet come to the forefront of the SCO's internal politics. The nations of Central Asia tentatively solved these issues and came to a comprehensive agreement on water allocation at a May 2003 meeting in Kiev, Ukraine, of the all-European conference of environment ministers.⁹⁰

A tentative solution to the environmental problems in the region was agreed upon by all countries in Central Asia. A sub-regional report at the May 2003 Kiev meeting on the environment, water and security in Central Asia set forth goals which all countries agreed to fully support. The Central Asian countries also agreed to develop the Central Asian Sustainable Development Initiative announced at the World Summit on Sustainable Development and the Millennium Goals established at the Millennium Summit in September 2000.⁹¹

D. ECONOMIC CONCERNS OF THE CENTRAL ASIAN STATES

Besides guarantees of security within the Central Asian region, the former Soviet republics are earnestly seeking economic support from China and Russia within the

⁸⁹ Ibid. 75.

⁹⁰ "Central Asia to Unite Efforts to Solve Water Problems," Kazakhstan Today News Agency, 31 January 2003. From BBC Monitoring International Reports, Record number 0F8FA117CA049D32.

⁹¹ "Invitation to Partnership on Implementation of the Central Asian Sustainable Development Initiative," Adopted at the Fifth Ministerial Conference Environment for Europe, 21-23 May 2003. Available on the Regional Environmental Center for Central Asia website, <http://www.carec.kz>. Also available on the United Nations Development Program website, <http://www.undp.org>

framework of the SCO, as well as from the West, notably the United States. The economies of these former Soviet republics have been unable to capitalize on the exploitation of the region's abundant natural resources.

Several factors have played significant roles in dragging the economies of these states down. Large foreign debt, corruption, and a reluctance to implement market reforms have all affected the economic performance of these former Soviet republics since they gained independence in 1991. However, the largest economic hurdle these nations face is a lack of transportation.

The landlocked nations of Central Asia have no sea port through which to ship their products to world markets. The railroad infrastructure built in Soviet times is functioning but has a very limited number of outlets. "All freight transported west from China enters Kazakhstan at Dostyk border crossing. From there, there are two alternative routes: one across Kazakhstan to Russia, and the second southwest through Uzbekistan, Turkmenistan, Iran, and Turkey."⁹²

The development of new railways has been extremely slow in materializing due to the lack of sufficient income to fund the projects. The mountainous topography of Kyrgyzstan and Tajikistan has also hindered the construction of proposed railways linking China's Xinjiang province with the Central Asian states via Kyrgyzstan. An extensive rail system would be the most efficient means of getting Central Asia's bulky exports, including coal, steel and iron, to world markets.

A second transportation problem facing the Central Asian region is the lack of transport routes for the region's vast energy resources, notably oil and natural gas. Currently, the limited numbers of oil and natural gas pipelines run through Russia. This has left the former Soviet republics, primarily Kazakhstan, Turkmenistan and Uzbekistan, dependent on Moscow for transportation of their primary export.

Kazakhstan is Central Asia's largest oil producer. 30 percent of the government's budget revenue comes from its oil industry.⁹³ Direct foreign investment in Kazakhstan's oil fields has steadily increased over the last decade. However, foreign investors have

⁹² Charles Carlson, "Central Asia: Railroads Play Crucial Role in Developing Central Asian Economy," Radio Free Europe/Radio Liberty, 10 March 2003. Available at <http://www.rferl.org/nca/features/2003/03/10032003150304.asp>

⁹³ Department of Energy Country Analysis Brief for Kazakhstan, July 2003. Available at <http://www.eia.doe.gov/emeu/cabs/kazak.html>

been hesitant to invest more extensively in Kazakhstan due to the high level of corruption and the lack of democratic reforms. Paul O'Neill, then the U.S. treasury secretary, addressed the situation encompassing all of Central Asia at a conference on security and economic prospects in Eurasia in September 2002. "Without the rule of law and enforceable contracts and attacks on corruption, it's pretty difficult to make real progress on the other things that matter in life, and it's very problematic that foreign direct investment will expose itself in the absence of those things."⁹⁴

Uzbekistan is the region's third largest oil producer, behind Kazakhstan and Turkmenistan, and the largest natural gas producer, with over 66.2 trillion cubic feet of natural gas reserves. However, Uzbekistan also lacks sufficient funds and direct foreign investment. The exploitation of Uzbekistan's older oil and natural gas fields by the Soviets and their successors has resulted in the exhaustion of existing fields, while the development of new fields has been slow.

The only transport route for Uzbek oil is a pipeline that runs through Kazakhstan to Omsk, Russia, and the only natural gas pipeline, the Central Asia-Center Pipeline, transports Uzbek and Turkmen gas north where it runs directly into Russia's natural gas pipeline system. Uzbekistan also supplies Kyrgyzstan and Tajikistan with natural gas, and receives water in exchange from Kyrgyzstan.

Kyrgyzstan and Tajikistan have minimal amounts of oil and natural gas reserves and the extremely mountainous topography makes extraction of the energy resources difficult. However, both countries have an abundance of water, which is used primarily for electricity generation and irrigation. Tajikistan has the weakest economy of the Central Asian states and has to rely on foreign and humanitarian aid for its basic needs.

E. EXPECTATIONS FROM THE SCO

To what extent can the SCO satisfy the security and economic needs of the Central Asian states? The Shanghai Cooperation Organization was created on the premise of combating the security challenges now facing the Central Asian region. Beijing and Moscow underscored the urgency of stopping the spread of radical Islam

⁹⁴ Paul O'Neill quoted in Robert McMahon, "Central Asia/Caucasus: Former Soviet States Seen as Flawed But Capable of Reform," Radio Free Europe/Radio Liberty, 18 September 2002. Available at <http://www.rferl.org/nca/features/2002/09/18092002153817.asp>

before its momentum carried it across their borders. If it could contain Islamic extremism, the SCO could undoubtedly have a tremendous impact on security and stability in the Central Asian region.

Through the SCO China has provided military support to the Central Asian states in the form of troops, equipment, and training. As noted earlier, China has also conducted military exercises with one of the Central Asian states, Kyrgyzstan, aimed at training both nations' armed forces in fighting terrorism. This was important for two reasons. First, it was the first time that the military of the People's Republic of China has conducted exercises with a foreign nation outside its borders. Second, for the first time, through the SCO, "China has publicly consented to spell out conditions under which it would be willing to project its military forces beyond its own borders."⁹⁵ The Central Asian states may assume that a strong commitment from China in guaranteeing security support will provide the stability the region is desperately searching for.

Russia has also provided the former Soviet republics with military support, notably weapons and equipment, and Moscow has also aided in training Central Asian armies. Russia still maintains a significant military presence in Tajikistan with the 201st Motorized Rifle Division and the Federal Border Guard. The Russians also maintain a military presence in Kyrgyzstan at the headquarters of the CIS Collective Security Treaty Organization (CSTO) as part of the CSTO rapid reaction force.

A final mechanism which could ultimately support stability and security in the Central Asian region is the SCO's anti-terrorism center. When operational in January 2004, it could provide the leadership, coordination and support needed to bring stability to the region.

The SCO may contribute to the revival of the economies of the Central Asian states through direct foreign investment and the development of oil and natural gas fields and transportation routes. The proposals by the organization to establish a free trade zone and closer cooperation with the Eurasian Economic Community (EAEC) may enhance the prospects for a more rapid development of free market economies.

Chinese oil firms have already invested large amounts of money in the development of Central Asian oil fields, notably in Kazakhstan. China and Russia are

⁹⁵ Stephen Blank, "The Militarization of Central Asia: A Violent Theater of Operation," *The World & I*, Washington, February 2003. Available at <http://proquest.umi.com>

both developing alternate export routes for Central Asian oil and natural gas, and China has been steadily increasing the amount of trade it conducts with the Central Asian states. Action on a Chinese proposal for a 3,200 km pipeline extending from an oil field in Kazakhstan to China's Xinjiang region has not materialized due to the high cost.⁹⁶ The proposal for the pipeline was first advanced in 1997. China's National Offshore Oil Corporation has recently invested \$615 million in Kazakhstan's Kashagan oil field in the Caspian Sea, which gives the oil company an 8.3 percent share in the oil field's production.⁹⁷

China has also lobbied, through the SCO, to develop much needed rail links from Central Asia to China and from Central Asia to Europe. Also, China has openly backed the former Soviet republics in their bids for entry into the World Trade Organization (WTO).

Russian companies have also been investing in new transport routes for Central Asian oil and natural gas. Unable to compete financially with China or the West, Russian oil and natural gas companies have been investing in joint ventures with Chinese and Western companies for the development of these new transport routes. Russia and Kazakhstan have concluded agreements on transporting Kazakh oil through Russia and have recently reached an agreement on transporting Russian oil through Kazakhstan to Turkmenistan. However, because of past tariff disagreements, Kazakhstan is still pursuing alternate routes for its oil and natural gas in order to bypass Russian pipelines.

The SCO has the potential to contribute security and economic support to the Central Asian states. Kazakh President Nursultan Nazarbayev expressed his support for the SCO by stating that Kazakhstan "actively backs the Shanghai Cooperation Organization in the belief that it will serve economic and political cooperation between member countries and will promote security and calm in the region."⁹⁸

Uzbek President Islam Karimov voiced his support for the organization at the SCO summit in Dushanbe, Tajikistan, on 5 July 2000.

⁹⁶ Micheal Lelyveld, "Kazakhstan: China Seeks Oil Investment With an Eye on Pipeline," Radio Free Europe/Radio Liberty, 11 March 2003. Available at <http://www.rferl.org/nca/features/2003/03/11032003212209.asp>

⁹⁷ Ibid.

⁹⁸ "Kazakhstan Actively Backs Shanghai Cooperation Organization," Itar-Tass, 24 December 2002. FBIS Document ID: CEP20021224000151.

At present one can notice the tangible role played by this regional group in tackling the issues of security, prevention and localization of conflicts, maintaining stability, reinforcing law and order, fighting drug trafficking, that is in settling those problems upon which the consistent and progressive development of the entire regional community depends.⁹⁹

A second military exercise under the auspices of the SCO, which took place in August 2003, helped to strengthen the military cooperation among the member states and demonstrated China's and Russia's determination to stabilize the region. The economic potential for the Central Asian states through the SCO is significant. The SCO proposal to develop the old "silk route" would open up Central Asian trade to large markets in Europe and Asia and would address the transportation shortcomings hindering the region's economic development.

⁹⁹ Justin Burke, "Uzbek President at Shanghai Five Summit Urges Joint Security Efforts," Uzbekistan Daily Digest, Eurasianet.org, 7 July 2000. Available at <http://www.eurasianet.org/resource/Uzbekistan/hypermail/200007/0003.html>

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V. IMPLICATIONS OF SCO ENLARGEMENT

Although no official enlargement of the organization is at hand in the foreseeable future, several Asian and Middle Eastern nations have voiced interest in the organization. India, Iran, Mongolia, Pakistan and Turkmenistan have all been mentioned as potential future members. However, despite the claims by SCO members that the organization is open to new members “which share the goals and tasks of cooperation within the framework of the organization,”¹⁰⁰ how open is the organization? Could the United States one day become a member?

The repeated claims by the SCO in declarations and joint communiqués that the organization is open can be disputed. Japan reportedly had received an invitation to join the organization from Kazakh President, Nursultan Nazarbayev. However, other members of the SCO, notably China and Russia, rejected Japan’s acceptance into the organization. Despite rejecting the inclusion of Japan, a staunch U.S. ally, in the SCO, Russia’s President Vladimir Putin has not ruled out the possibility of the United States joining the organization. When asked about possible U.S. inclusion in the organization, Putin stated, “We do not know about a US desire to join the SCO, but we do not rule this out.”¹⁰¹ It remains to be seen if the SCO is indeed open to any nation which shares its goals.

Currently, the member nations of the SCO “have a population of 1.5 billion; they control thousands of strategic and tactical nuclear weapons, and this combined conventional military force numbers 3.6 million.”¹⁰² However, could these armed forces of the member nations effectively act together? Could the SCO develop integrated command and staff arrangements similar to those of NATO? It should be noted that the SCO members have not to date expressed any intention to undertake combined military action other than small operations against terrorists—the focus of recent exercises.

¹⁰⁰ Declaration on the Creation of the Shanghai Cooperation Organization, Paragraph 7, June 15, 2001, From the Daily News Bulletin of the Ministry of Foreign Affairs of the Russian Federation, Information and Press Department.

¹⁰¹ “China: Putin Rejects Rapid Expansion of Shanghai Forum,” Interfax News Agency, 7 June 2002. From BBC Monitoring International Reports, Record Number: 0F412C4A8CBD4BBC.

¹⁰² Constantine C. Menges, “Russia, China and What’s Really on the Table,” *Washington Post*, 29 July 2001, sec. B2.

India's growing energy needs and its desire to gain allies in its ongoing dispute with Pakistan over the Kashmir region have forced New Delhi to form new relationships with nations in the Central Asian region and within the Shanghai Cooperation Organization. India has been quietly increasing its presence in the Central Asian region over the last few years. The Indians have established a military base in Tajikistan which is used to funnel humanitarian aid to Afghanistan, and they have agreed to "train Tajik defense personnel, service and retrofit their Soviet and Russian military equipment and teach its army and air force personnel English."¹⁰³ India has also agreed to assist Tajikistan in its fight against illegal narcotics smuggling.

Besides its ties with Tajikistan, India has also been seeking closer ties with other members of the SCO. Kazakhstan has voiced its support for India's inclusion in the SCO. According to a joint declaration by Indian Prime Minister Atal Behari Vajpayee and Kazakh President Nursultan Nazarbayev India's membership in the SCO "would add to the strength of that organization."¹⁰⁴

Perhaps the strongest supporter of New Delhi's candidacy for membership in the organization has been Russia. Vladimir Putin evidently favors a China-Russia-India alliance and creating a "multi-polar" world, the latter desire repeatedly expressed by members of the SCO. In remarks to the Indian press in December 2002, after meeting with Indian Prime Minister Atal Behari Vajpayee, Putin stated, "Russia and India are major world powers, and our manifold cooperation is a most important positive factor of world politics."¹⁰⁵

At the same meeting in New Delhi, President Putin assured his hosts of Russia's support for India's inclusion in the SCO and also voiced support for India's membership in an expanded United Nations Security Council. "Russia reasserts its support for India as a strong and worthy candidate for the position of permanent member of an enlarged UN Security Council."¹⁰⁶ The possibility of three members of the SCO occupying permanent seats on the UN Security Council evidently looks attractive to Moscow. The

¹⁰³ Rahul Bedi, 'India and Central Asia,' Frontline, Vol. 19-Issue 19, 14-27 September 2002. Available at <http://www.flonnet.com/fl1919/19190600.htm>

¹⁰⁴ Ibid.

¹⁰⁵ Aleksander Bogatyrev, "In the Interest of Collective Security," Krasnaya Zvezda, 6 December 2002. FBIS Document ID: CEP20021206000331.

¹⁰⁶ Ibid.

Russian statement did not specify whether India's permanent membership on the UN Security Council would include a veto power.

With India in the SCO, Asia's three largest powers would be able to voice their opinions in a common forum. In addition to the global and regional political ramifications, India's membership in the organization would increase the number of nuclear weapons and add more than a million troops to the organization's conventional military forces. However, as noted earlier, it is unclear whether this would have great strategic significance in the absence of steps to make coordinated military action effective.

Despite India's interest in the SCO, its strategic relationship with the United States has made New Delhi hesitant to join an organization which has openly voiced opposition to U.S policies. India has also been wary of creating a Moscow-Beijing-New Delhi alliance that would ensure a "multi-polar" norm in global politics, something Russia and China have openly advocated.

Although hesitant at first, India appears ready to join the organization. On 28 February 2003, India's ambassador to Russia stated, "India subscribes to all principles of the Shanghai Cooperation Organization (SCO) and is ready to accede to it."¹⁰⁷ Recent high level bilateral talks between India and China have succeeded in stabilizing relations and suggest that China will likely not oppose India's inclusion in the SCO. Some observers speculated that a decision to accept India in the SCO could possibly come as early as May 2003 at the SCO summit in Almaty, Kazakhstan, but a decision on this issue was postponed.

Iran's membership in the organization would dramatically affect the region's political balance and would provide the organization with a direct link to the Middle East. China and Iran have already held discussions on a proposed oil pipeline running from

¹⁰⁷ Krishnan Raghunath quoted in Valery Agarkov, "Indian Diplomat Says Country Ready to Join Shanghai Cooperation Organization," ITAR-TASS, 28 February 2003. FBIS Document ID: CEP20030228000217.

Iran through the Central Asian states to China. According to China's ambassador to Iran, "Iran is China's top oil supplier. One-sixth of China's gasoline needs are procured through Iran."¹⁰⁸

Iran has also been working closely with Russia in terms of arms deals and nuclear reactor assistance. Iran recently declared that its nuclear program was up and running, with explicit support from Russia. Despite international scrutiny, Russian officials continue to assert that Iran's nuclear program is peaceful and that they will continue "peaceful nuclear cooperation" with Iran.¹⁰⁹ Russia's support for Iran's Bushehr nuclear project includes training Iranian workers for the nuclear plant as well as 10 years of uranium sales to Iran starting in 2005.¹¹⁰

Proposed natural gas and oil pipelines from Central Asia through Iran would provide another transport outlet for Central Asian energy resources. The SCO would also give Iran a vehicle in which to voice its opposition to U.S. policies in Central Asia and the Middle East, with the backing of China and Russia.

The prospect of Pakistan's inclusion in the organization, despite Islamabad's suspected ties to radical Islamic groups, has also led to India's hesitancy about joining the SCO. In contrast with India's hesitancy in joining the organization, Pakistan has openly lobbied for its inclusion in the organization as an observer. On 3 January 2001 Pakistan's ambassador to Kyrgyzstan submitted Islamabad's request to join the organization as an observer.¹¹¹ However, Tajikistan President, Emomali Rahmanov, protested even discussing Pakistan's inclusion in the SCO because of Pakistan's suspected ties with the Taliban and Islamic fundamentalists.¹¹²

¹⁰⁸ Liu Zhentang, Chinese Ambassador to Iran, interview with the Tehran Daily, "Iran: Chinese Ambassador Says Tehran-Beijing Ties Significantly Improved," Tehran Daily, 10 March 2003. FBIS Document ID: IAP20030310000029.

¹⁰⁹ Sergei Blagov, "Russia Backs Iran's Nuclear Program Despite International Concern," EURASIANET Insight, 7 September 2003. Available at <http://www.eurasianet.org/departments/insight/articles/eav060903.shtml>

¹¹⁰ Ibid.

¹¹¹ Jyotsna Bakshi, "Shanghai Cooperation Organization (SCO) Before and After September 11," Strategic Analysis, Apr-Jun 2002 (Vol. XXVI No. 2). Columbia International Affairs Online. Available at <http://www.ciaonet.org>

¹¹² Justin Burke, "Tajik President Opposes Pakistan's Entry Into Shanghai Five," Tajikistan Daily Digest, 5 January 2001. From Eurasianet.org, available at <http://www.eurasianet.org/resource/Tajikistan/hypermail/200101/0009.html>

Russia has also voiced skepticism over Pakistan's possible membership. Russian President Vladimir Putin voiced this concern at a press conference in India in November 2002. "The negative influence that Pakistan used to exercise in neighboring Afghanistan in previous years, including support to the Taliban, is well known, it is a fact."¹¹³ The rejection of Pakistan by Russia and Tajikistan will make Pakistan's inclusion as an observer extremely difficult.

Turkmenistan's inclusion in the SCO would not affect the political or military balance within the region or the organization, but it would bring another state rich in energy resources into the SCO. Turkmenistan's insistence that it is a neutral country and its desire to distance itself from Moscow make it unlikely that it would enter into any alliance involving Russia.

¹¹³ Interview of Russian President Vladimir Putin with the Indian Newspaper The Hindu and Television Channel Star TV, the Kremlin, Moscow, 28 November 2002. From the Ministry of Foreign Affairs of the Russian Federation, Information and Press Department.

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VI. CONCLUSION

The Shanghai Cooperation Organization was established out of a need to provide security and stability to the Central Asian region. China and Russia, the main catalysts for the organization, feared that the region's growing problems would spill across their borders and add to the problems they are already facing in Xinjiang province and the northern Caucasus region. Both nations knew that they needed the assistance of the Central Asian governments to counter radical Islamic groups, secessionist movements, and narcotics smuggling.

China and Russia apparently also concluded that a multilateral organization under their leadership in Central Asia might help to stem the growing influence of the West, specifically the United States and NATO. NATO's activities in Central Asia via the Partnership for Peace program and the establishment of U.S. bases in the region since 11 September 2001 have brought about a sense of apprehension and quiet criticism from Moscow and Beijing. However, the increase in Western influence in the region was warmly welcomed by the Central Asian states, because they viewed the presence of the West in terms of added security and much needed economic aid.

Members of the Russian Duma and Russian military officials have been the most outspoken critics of U.S. policy in the Central Asian region. They contend that the presence of the United States and NATO in Central Asia is an attempt to force Russia out of the region, gain control of the region's energy resources, and force a wedge between Russia and China in the SCO. In January 2002 the Speaker of Russia's lower house of parliament, the Duma, Gennadii Seleznev, voiced his opposition to the presence of U.S. forces in the region. During his visit to Tajikistan, Seleznev stated that "The long-term military presence of the United States in the region is not in Russia's interests."¹¹⁴ In February 2002 the Director of the Russian Federal Border Guard Service, Konstantine

¹¹⁴ Seleznev quoted in "Russian Grumbles About Pentagon Presence Growing Louder," Radio Free Europe/Radio Liberty Central Asian Report, January 2002. Available at <http://www.rferl.org/centralasia/2002/01/3-170102.asp>

Totskiy, also commented on the establishment of U.S. bases in the Central Asian region. “If the United States and other countries intend to stay here [i.e., in Central Asia] for good, we cannot agree to that.”¹¹⁵

Despite the views of some leaders of the Russian Duma and Russian military, Russian President Vladimir Putin evidently understands that if Russia is to grow into a “superpower” once again, Russia must cooperate with the West and with the United States in particular. President Putin’s government also views the presence of NATO and U.S. forces in the Central Asian region as an added measure of security and stability that will allow him more time to re-build Russia’s deteriorating military.

President Putin’s foreign minister, Igor Ivanov, expressed this positive view of U.S. and NATO forces in the region during his interview with the Russian newspaper *Rossiiskaya Gazeta* in December 2002. When questioned about U.S.-Russia relations, Ivanov spoke about the positive factor of U.S. forces in the Central Asian region.

We had constantly been indicating that the threat to our interests, a real threat at that, was coming from the south, primarily from the territory of Afghanistan. It is clear that Russia could hardly have tackled the task of eliminating the seat of terrorism in Afghanistan on its own, single-handedly. It had been accomplished by the efforts of the international coalition. Have our southern borders become more secure as a result? Absolutely... Yes, we have to make compromises, one of them has been the appearance in this region of U.S., and not only U.S., servicemen who are solving the task connected with the international operation in Afghanistan.¹¹⁶

Moscow and Beijing also recognize the benefits in the Central Asian region of U.S. economic aid. Given that a chief reason for the rapid spread of radical Islam throughout the region may well be the suffering economies of the Central Asian states, any economic aid supplied to the Central Asian governments, above what China and Russia already provide, can only benefit their own struggle to keep the ranks of the Islamic militants from swelling. Increased economic aid to the Central Asian states

¹¹⁵ Totskiy in British Broadcasting Corporation Summary of World Broadcasts, SU/4422, 7 February 2002, quoted in Mark A. Smith, *Russia, the USA & Central Asia*, F77 (Camberley, England: Conflict Studies Research Center, May 2002), p. 3. Available at <http://www.csrc.ac.uk>

¹¹⁶ Russian Minister of Foreign Affairs, Igor Ivanov, interview with the newspaper *Rossiiskaya Gazeta*, 30 December 2002. From the Ministry of Foreign Affairs of the Russian Federation, Information and Press Department.

would also benefit Russia by slowing down the continuous flow of Central Asians migrating to Russia in search of employment.

China has evidently not openly voiced any opposition to the NATO Partnership for Peace program or the increase in the U.S. military presence in Central Asia. China has vocally supported the U.S.-led war on terrorism since September 2001, as it looks to the West for support in its ongoing struggle with Uighur separatist groups, which it considers terrorist organizations. China evidently judges that a defeat of terrorism in Central Asia would help it defeat the separatists in Xinjiang province. Chinese leaders have also noted that the United States has said much less about China's potential future as a "peer competitor" since Washington has concentrated on the struggle against terrorism since September 2001.

Since the U.S.-led coalition operation in Afghanistan began in October 2001, the Shanghai Cooperation Organization has concentrated on anti-terrorist measures, notably with the center to be established in Tashkent in January 2004, and on the economic development of the member nations. Despite the successful joint military exercises, SCO member states have yet to conclude a mutual defense pact and still have not shown an ability to conduct any type of joint military engagement larger than small-scale anti-terrorist operations. Emphasizing the positive achievement, Lieutenant General Qiu Yanhan, commander of the Xinjiang military district, said in August 2003 that the most recent "multilateral joint exercise has for the first time succeeded in linking up the multistate force from the command organs down to the participating units."¹¹⁷

Despite earlier, pre-11 September 2001 anti-U.S. rhetoric, China and Russia have kept their anti-Western views muffled. At present, both nations recognize that the benefits of trade and economic aid from the United States are worth more than alienating Washington over its policies regarding Central Asia and other matters, such as missile defense. The U.S.-led war in Iraq in March-April 2003 drew sharp criticism from Russia while the member states of the SCO, with the exception of Uzbekistan, followed the lead

¹¹⁷ Qiu Yanhan quoted in indirect discourse in Xu Zhuangzhi and Fan Qing, "PLA Leader Stresses Significance of SCO Antiterrorism Exercise," Xinhua News Domestic Service, 6 August 2003. FBIS Document ID: CPP20030806000080.

of Russia and China in condemning the actions of the coalition that toppled the Saddam Hussein regime.¹¹⁸

Uzbek President Islam Karimov has highlighted the potential fracture points within the SCO, should Moscow and Beijing exert excessive pressures for conformity on the Central Asian states:

The first issue is opposing views on the Shanghai Cooperation Organization, and the problem of globalization in the world. That is, somebody joins some bloc or comes under its wing, or some bloc says it is not happy about something. Such games should be stopped...If we allow such competition, what will happen tomorrow? What will entire Central Asia turn into? Not one but 10 [military] bases will be established. And that means militarization. I am absolutely against it, and I want to be the first to express my thoughts.¹¹⁹

Despite the recent tensions over Iraq and the apparent uneasiness in Beijing and Moscow about U.S. forces operating from Central Asian bases, as long as the United States continues to maintain its position that U.S. bases in Central Asia are only temporary, China and Russia will probably continue to support the U.S.-led war on terrorism in Central Asia and will avoid any form of conflict with NATO or the United States.

After a slow start, the Shanghai Cooperation Organization is rapidly gaining institutional structure and international recognition. A multinational center dedicated to the main function of the organization, anti-terrorism, is to be operational in Tashkent by early 2004. Economic and trade ties have also been developing rapidly through the SCO and the effects are already being felt in the local economies of the Central Asian states.

The SCO has the potential to develop into a key player in international politics, and India's membership might dramatically increase the organization's influence on future international political decisions, not only in Asia but also within the United Nations. In the near term, however, the SCO will probably concentrate on Central Asia while it continues to develop its organizational structure. Indeed, as long as the threat

¹¹⁸ "Commonplaces of Spring: Uzbek President Bucks Trend with Attack on Hypocrites, Pacifists," Radio Free Europe/Radio Liberty, Central Asia Report, Volume 3, No. 13, 27 March 2003. Available at <http://www.rferl.org/centralasia/2003/03/13-270303.asp>

¹¹⁹ "Uzbek Leader Speaks out Against 'Militarization' of Central Asia," Uzbek Television Second Channel, 28 May 2003. From BBC Monitoring International Reports Record #0FB57E5E36A57721.

from an unstable Central Asia outweighs the threat from abroad, the SCO will in all likelihood continue its focus in the Central Asian region.

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